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The Market for Imported Food Ingredients in Thailand
by Canadian Embassy, Bangkok

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1. Market Overview

Thailand's food processing industry has been developing at a rapid rate throughout the past decade despite suffering a slight setback during the 1997-98 recession. The food sector of the economy seems to have recovered. With economic forecasts suggesting continued growth of around 3% in 2002 for the overall economy and 4% in 2003, future prospects for growth in this sector are excellent as Thailand is able to capitalize on an abundant supply of food raw materials from local agricultural production. Thailand is one of a few countries in the Asia-Pacific region that has the capacity to produce significantly more food than it consumes.

Thai food processors import large quantities of food ingredients for the food processing industry which are not available locally. The estimated market for imported food ingredients in Thailand for use in the food processing industry is approximately C$ 3 billion. Steady economic growth in Thailand coupled with an expected expansion in the food processing industry should provide good export opportunities to Canadian exporters of food ingredients in the longer term as this market segment continues to expand.

2. Thailand's Food Processing Industry

Thailand is one of the world's leading producers and exporters of processed food products and is home to more than 7,000 food processors. Most of these firms are small and medium size companies which for the

most part are serving the domestic market. The larger companies are generally geared to producing for the export market and, accordingly, must produce products of a quality necessary to meet international standards.

Thailand's food processing sector is heavily export-oriented with more than 50 percent of production sold outside the country. Approximately 67 percent of exports are processed seafood products. The total export value of processed foods from Thailand is about C$8.5 billion which makes it an extremely important sector the economy in terms of foreign exchange.

Thailand's major processed food exports (2001) $ millions

canned and frozen seafood	5,730
fruits and vegetables	1,030
processed poultry	930
non alcoholic drinks	120
other products (estimated)	700
Total	8,510

The agriculture and food processing sector was a pillar of strength during the 1997-98 economic crisis and made a major contribution to Thailand's economic recovery. The Thai government recognizes the importance of this sector to the economy and has made its development a high priority. A major element of this development strategy is the expansion of the food processing industry with the goal of making Thailand a regional food production centre. As such there appears to be good prospects for substantial expansion of the food processing industry in the medium to longer term.

3. Industry trends

The food processing industry has changed considerably in recent years to adapt to the demands and lifestyles of domestic consumers, particularly the growing middle class. The decline in individual incomes during the recession which impacted domestic consumption has been arrested and demand for good quality convenience foods continues to expand. This is in part also due to the rapid expansion of the retail distribution system replacing small stores and wet markets with modern supermarkets, superstores and convenience stores.

Dairy products, deli products, snack foods, ready-to-eat and ready-to-prepare meals are currently the most rapid growth product categories in the domestic market.

Domestic processed food consumption will continue to grow as Thailand's population increases from the current level of about 62 million and as a higher proportion of processed food and beverages are included in the diet as incomes increase and lifestyles change. In addition, the country's food exports are expected to remain strong as the food processing industry continues to improve its productivity and capitalizes more fully on its abundant source of high quality local raw materials

4. Market for imported food ingredients

Thailand imports a large portion of the raw materials for processing as they are either not available or not produced in adequate quality or volume within Thailand. The total import volume of all food ingredients is about 2 million metric tons with a value of C$ 4 billion in 2001. The following table shows Thailand's import volume of major food ingredients by product category from all sources for 2001.

Food ingredient imports by volume (2001)

Product	Thousand Metric tonnes
Fish & seafood	502
Food chemicals	66
Milk products	95
Cereals & cereal products	949
Fats & oils	69
Hydro-colloids & gelling sys.	28
Colourings	8
Vegetable products fresh	137
Starch & starch derivatives	32
Emulsifiers	9
Enzymes	2
Essential oils & plant extracts	1
Flavours & aromas	1
Sugars & derivatives	16
Meat products	7
Fruit products fresh	64
Nuts & seeds	5
Cocoa & cocoa products	9
Vegetable products dry	4
Yeast & yeast derivatives	2
Herbs & spices	2
Pulses & pulse products	10
Sweeteners	1
Fruit products dry	4
Total	**2,023**

Ceraels and cereal products, seafood, fresh vegetable and fruits, dairy products, fats and oils, starches and derivatives, and food chemicals and additives are the leading imported food ingredients by volume.

While the recession adversely affected import volumes of many food ingredients, certain categories of ingredients actually increased in volume during the downturn including yeasts and derivatives, meat products, fruit and vegetable products, emulsifiers, and starches.

5. Industry segments with good market prospects

Snack food

Thailand's snack food market, similar to other sectors, faced difficulties during the 1998 recession due to ebbing buying power of consumers. However, with the economic recovery, the market is forecast to grow at a rate of 10 percent or higher per annum and should reach C$500 million by the year 2002. Thai entrepreneurs and retailers are introducing new product lines and determining targeted customers so as to boost sales and market shares. Within the snack food market, nuts have the largest share with 40 percent of sales followed by chips at 30 percent and extruded snacks with 25 percent. Opportunities exist to supply snack flavourings, coatings, preservatives, and other ingredients.

Dairy products

The government's school milk project together with greater concern about health and nutrition has stimulated domestic consumption of milk products. Total milk consumption including soybean milk rose from 8 litres per person per year in 1993 to 17 litres per person in 2000 and continues to grow but at a slower rate. To supplement domestic milk production which is inadequate to meet demand, Thailand imports large amounts of a wide range of dairy products as ingredients for the food processing industry. In 2001 these imports were valued at approximately C$415 million.

Thailand's imports of dairy products (2001)

Product	Thousand metric tons
Milk and cream in powder, granules	59
Whey	38
Butter fat derived from milk	12
Milk and cream fit for infant feeding	6
Butter, cheese and curd derived from milk	3
Other dairy products	44
Total	162

Opportunities for Canadian exporters of dairy products are constrained somewhat by the strong competition offered by New Zealand and Australian suppliers with their geographic advantage. However, joint venture possibilities in this area definitely exist.

Specialty ingredients and additives:

Specialty ingredients and additives used in food processing in Thailand include both natural and synthetic chemicals. The main additives include amino acids, preservatives, colours and flavours, enzymes, and nutritive sweeteners.

The rapid expansion of the local food processing industry has stimulated greater demand for both food and feed additives. The total market value is estimated at about C$400 million in 2001 with most advanced additives being imported from abroad. The market is forecast to expand at a steady rate of 3-5% in 2002. However, the recent difficulties faced by Thailand in the EU market due to unregulated food additives have made its food processing industry cautious and can be of benefit to exporters from environmentally conscious countries.

Major suppliers of food additives to Thailand are the US, Germany, Japan, Malaysia, and Singapore. The largest volume imported additive products include sodium benzoate, synthetic colours and flavours, lecithin, vitamin C, food clarifying agents, acetic acid, ammonium chloride, di-sodium carbonate, phosphoric acid and di-sodium sulphates.

Ingredients and additives produced in Thailand include monosodium glutamate (MSG), basic enzymes, amino acids, fructose, and citric acid. There is potential for greater local production of some compounds where local raw materials are readily available, however, there will remain a large demand for imported materials.

Opportunities exist for companies supplying more advanced additives which require a high level of experience and expertise in formulation, higher technology, and large capital investment. In addition, the relatively small size of Thailand's domestic market for these specialized products makes it difficult for local manufacturers to achieve the necessary economies of scale.

Seafood processing

Seafood products have shown the highest import value over the last three years. Large volumes of tuna, shrimp, crab and other species are imported to Thailand for processing and re-export. This industry has been strong and is expected to continue to expand.

6. Opportunities for Canadian exporters

The United States is a major supplier to the Thai food ingredient industry with about 15 percent market share. On the basis that Canada can generally be very competitive with the US in foreign markets, and in many cases produces similar products, perhaps the most attractive market categories for Canadian exporters to target are those where the US enjoys a high volume as shown in the table below.

Imported food ingredients with a high US market share and relevant to Canadian exporters

Category	HS Chapter	Items
Cereal products	HS 11	Wheat, rye, maize flour; germ & groats; potato
Chemical and Additives	HS 2901-19	Prop. glycol; acetic, prop., benzoic, adipic acid;
Emulifiers	HS 2923	Lecithins; other ammonium salts and hydroxides
Enzymes	HS 3507	Other enzymes
Essential Oils, Plant	HS 130212-	Extracts of liquorice and hops; essential oils of
Fats and Oils	HS 1501-16	Peanut, canola, soybean and sunflower oils , animal
Flavors and Aromas	HS 2912	Vanillin; ethyl-vanilin
Dry Fruit Products	HS 0801-14	Dried grapes, prunes, and apples
Fresh Fruits Products	HS 2001-9	Cherry, juices; fruit jams, jellies
Herbs & Spices	HS 090	Pepper, caraway, thyme and bay leaves
Meat	HS 0201-7	Beef, lamb, turkeys
Nuts	HS 0802	Almonds, walnuts, and pistachios
Pulses	HS 0713	Kidney, white, other beans; lentils; peas
Sugars & Products	HS 1702	Lactose; maple sugar; other fructose and sugars
Dry Vegetable Products	HS 0712	Dried potatoes and onions
Fresh Vegetable Products	HS 2004-5	Potatoes, other vegetables; pickles; tomato juice

7. Entry Strategy

Distribution of imported food ingredients is generally via two main channels. The first is through traditional importers who re-sell to local distributors or distribute through their own marketing and delivery network to the food processors. However, as Thailand's food processing industry has grown and become more sophisticated over the years, food processors are increasingly importing directly from foreign suppliers in order to reduce costs. This is especially true for large, integrated food processors which export much of their production and are well acquainted with international trade.

A reputable and experienced local agent or importer will have a good understanding of the market and good contacts with end users. The agent should have good connections with government officials which will be helpful in securing the necessary product and labeling licences and clearances. A good local agent can also provide valuable support in arranging meetings and promotional events, translating technical information, placing advertisements in local trade publications, and other marketing and sales activities.

8. Import rules and regulations

Thailand's Food and Drug Administration (FDA), an agency within the Ministry of Health, is responsible for monitoring the quality of domestic and imported foods and food ingredients. A full description of the FDA regulations and how they pertain to exporters is contained in their web site: http://www.moph.go.th A separate market study entitled **"Thailand's Food Import Regulations"** is also available from the Canadian Embassy in Bangkok.

Thai importers and local agents will generally be responsible for understanding the regulatory requirements, and obtaining the necessary product registration and licences.

9. Import Tariffs

The tariff rate for most food ingredients is currently 30 percent for goods of Canadian origin with some exceptions shown below:

- MSG - 60%
- mixtures of odoriferous substances - 50%
- colouring agents of vegetable or animal matter - 15%
- disperse and acid dyes - 15%

The tariff rate is significantly lower for goods with origin in Asian Free Trade Agreement (AFTA) countries. The Thai government has also reduced tariff rate for some items due to its accession to WTO. Thai Customs Department has a web site http://www.customs.go.th providing these rates. However, consulting Thai tariff directories or contacting customs officers are definitely better ways of determining the exact tariff rate for an item.

10. Food Ingredient Importers

Following is a list of some of the major Thai food ingredient importers that are interested in being contacted by Canadian exporters.

Behn Meyer & Co(T) Ltd.

89 Moo 6, Bangkok-Chonburi Highway (new Highway)

Tubyao, Lad Krabang

Bangkok 10520

Tel: 662-326-9456, 662-327-4444
Fax: 662-326-6955, 662-326-9701
Contact: Mr. Prasong Aramwittaya, Managing Director

Web-site: http://www.behnmeyer.com

Profile: This company has a staff of 60 and is a major importer of chemicals for the food processing industry including lactose, xanthum gum, mustard flour and seed, sodium sulphite, and carrageenan. They are interested in hearing from Canadian suppliers.

BJC Specialties
Berli Jucker House
99 Soi Rubia, Sukhumvit 42 Road
Bangkok 10110

Tel: 662 367-1111
Fax: 662 367-1000
Contact: Mr. Chavalit Thanasahavorakun, Group Sales Manager

Mr. Marten Porsild, Manager, Induustrial Ingredients

Web-site: http://www.berlijucker.co.th

Profile: BJC Specialties is part of Berli Jucker Co Ltd, a large company with 5700 employees. This subsidiary is responsible for importing and distribution of food ingredients and other chemicals with sales of $40 million and is one of the key players in this sector.

Caltech Co. Ltd

116-118 Ladprao Road

Klongchan, Bangkapi
Bangkok 10240

Tel: 662 374-8489
Fax: 662 375-7469
Contact: Mr. Apichai Sophonphaiboon, Managing Director

Profile: This company of 25 employees and turnover of $10 million imports a very wide range of food ingredients and would like to hear from Canadian suppliers. They are currently seeking dried egg powder

Chemical Specialties Corporation Ltd.
Chutamas Building, 4th Floor

89/170 Moo 3

Vipawadeerangsit Road, Talardbangan

Laksi, Bangkok 10320

Tel: 662 551-2061-8
Fax: 662 552-7222
E-Mail: dusit@loxinfo.co.th

Contact: Mr. Dusit Pittayathikhun, President

Profile: A relatively small importer of natural flavourings for food processing, other chemicals being their main business. A staff of 18.

East Asiatic (Thailand) Co. Ltd
Lumpini Tower, 33rd Floor
1168/98-100 Rama 4 Road, Yanawa
Bangkok 10210

Tel: 662 689-5999
Fax: 662 689-5888
Contact: Mr. Pairash Viwaattanakul, Business Manger

E-Mail: pairash@eac.co.th.

Profile: This is a larger trading company of approximately 200 employees which imports a wide range of products including flavours, emulsifiers, cultures and enzymes. They recently lost their agency contract to represent the large Danish company Danisco Culture.

Erawan Chemical Co. Ltd
201/73 Moo 6, Pattanakarn Rd
Prawet
Bangkok 10250

Tel: 662 321-4004, 662-722-0726-9
Fax: 662 321-4274, 662-722-0730
Contact: Mr. Ivan Miranda, President

E-Mail: erawanth@loxinfo.co.th

Profile: This firm of approximately 20 employees imports a range of food ingredients including corn and other starches, lactose and lactose products, sorbitol, and sodium carbonate. They are interested in hearing from Canadian suppliers.

Eugene Chemical LP.
405/7 Mahaputtharam Rd.
Bangrak
Bangkok 105000
Tel: 662 238-3628
Fax: 662 235-4128
Contact: Mr. Pravit Munkongpitakkul

Profile: A small (10 staff) importer of natural colourings, flavourings, emulsifiers and preservatives for the food industry. Prior to the recession they imported product from Canada.

Foodsfield International Co. Ltd
729/113-114 Rachadpisek Road
Bangpongpang, Yannawa
Bangkok 10120

Tel: (662) 683-8505-8
Fax: (662) 295-4168-9
Contact: Ms. Watana Tepkasetkul, Managing Director

E-Mail: kcffi@ksc.th.com

Profile: Foodsfield imports primarily food additives, potato starches, and other miscellaneous grocery products from the United States and China. They have an annual sales of approximately C$4 million and a staff of 20 people. They expressed an interest in hearing from Canadian suppliers.

Foodmixes Group Co. Ltd

SV City Tower 2, 21st Floor
898/36 Rama 3 Road, Yannawa
Bangkok 10120

Tel: 662 682-7046/51
Fax: 662 682-7052
Contact: Mr. Ng Thee Bin, President

Profile: Foodmixes imports ingredients for the food processing industry of all types and manufactures as well. Total of 50 staff.

PMB Inter Food co Ltd

1082/23 Phaholyothin Road
Kwaeng Lardyao
Khet Chatuchak
Bangkok 10900

Tel: (662) 272-2700/11, 272-0531/40
Fax: (662) 272-0594
Contact: Ms. Tanita Mangkongkarn, International Trade Manager
E-Mail: tanita@suzukicoffee.com

Profile: PMB is a 50 person company that currently imports from UK, India, China, Korea and Japan. They distribute to factories and focus on industrial food products particularly sodium saccharine, sodium benzoate, and food colouring.

Mighty International Co. Ltd
152/10 Nang Linchee Road
Sathorn
Bangkok 10120

Tel: (662) 678-3922-4
Fax: (662) 678-3484
Contact: Mr. Vasan Rattananupap, Managing Director

E-Mail: mail@mighty.co.th

Web Site: http://www.mighty.co.th

Profile: Mighty is a company of 70 people that imports food ingredients for the food processing industry, freeze dry products, flavours and colourings. The company manufactures seasoning mixes, flavour mixes and freeze dry products. They are interested in established contact with Canadian suppliers.

Milk Coa Trading LP
7/24 Soi Suwansawad, Rama 4 Road
Yannawa
Bangkok 10120

Tel: 662 249-5079
Fax: 662 249-5121
Contact: Mr. Mongkol Punpanishgul, Import Manager

E-Mail: milkcoa@ksc.th.com

Profile: A smaller trading company with approximately 40 employees that imports milk powder, whey powder, lactose and other dairy products, mainly from Australia due to the lower prices.

Nutrition LP
96 Yotha Road Taladnoi
Sampanthawong
Bangkok 10100

Tel: 662 639-0511
Fax: 662 236-3266
Contact: Mr. Suradje Ekpanyaskun, Managing Director

Profile: This firm of 40 people imports ingredients for the food industry, pharmaceuticals, and feed industry. They would be glad to have Canadian suppliers contact them.

Oriental Siam (1978) Co., Ltd.
6 Ramkamhaeng Soi 50
Hua Mark, Bangapi
Bangkok 10240

Contact: Mr. Sombat Sittisantikul, Manager
Tel: (662) 378-0021, 732-3205
Fax: (662) 374-8560, 375-8073

Profile: Oriental Siam has annual sales of C$30 million and employs 80 people. They currently import from Holland, Sweden, Germany and Japan and they distribute to industrial manufacturers. Oriental Siam currently imports dairy products (milk powder) and food ingredients (chemicals). The company would be interested in hearing from Canadian suppliers.

Puffin Co Ltd
35/112 Moo 3
Ekachai Road
Bangkhuntian
Bangkok 10150

Tel: (662) 893-5457/58
Fax: (662) 893-5456
Contact: Kovit Poonsawatmongkol, Managing Director

Profile: The company (with 10 employees) imports frozen fruits for the food service industry and ingredients for bakery manufacturers, mainly from New Zealand and Australia. The company would be interested in hearing from Canadian suppliers.

Pumpkin Tape and Tools Ltd
7/137 Moo 7, Ekachai 69 Road
Bangbon, Bangkunthien
Bangkok 10150

Contact: Ms. Chanya Chaichalermprecha, Manager
Tel: (662) 899-5928
Fax: (662) 899-5927

Profile: Pumpkin Tape is a trading company of 18 employees that is expanding its product line and is seeking new suppliers of wheat starch, potato starch, wheat gluten, sodium benzoate, calcium propionate, isolated soy protein (edible grade), demineralized whey powder, lactose (edible and parma grade) and whole and skim milk powder.

Rovithai Ltd.
Diethelm Bldg., 11th Fl.
2533 Sukhumvit Rd., Bangchak
Bangkok 10250

Tel: 662 332-7120-29
Fax: 662 332-7135
Contact: Mr. Pisuth Lertvilai, Reginal Marketing Manager

E-Mail: pisuth.lertvilai@roche.com

Web Site: http://www.roche.com

Profile: This firm is a subsidiary of Hoffman-LaRoche and as such markets products of this company which include a range of chemicals for food industry.

Thai Food & Chemical Co. Ltd
26/171 Sukhumvit Road
Bangna, Prakanong
Bangkok 10260

Tel: 662 399-3059-62
Fax: 662 399-3058
Contact: Ms. Duangjai Onim, Import Director

Profile: This company of approximately 70 people is specialized in importing raw materials for the food processing industry, mainly from Europe. Products include wheat and potato starch, lactose, calcium chloride, preservatives and other food chemicals.

Vicchi Group
2811-2823 Pattanakarn
Suanlang
Bangkok 10250

Tel: 662 322-5711
Fax: 662 322-5777
Contact Mr. Vijai Visuthikraisee, Chairman of Vicchi Group

E-Mail: vijaiv@vicchi.co.th

Profile: Vicchi is a large trading company with 200 employees that imports products for the food processing industry; whey powder, lactose, milk powder, stabilizers, flavours, seasonings, proteins, casein and additives. Vicchi already imports from Canada. It also imports from France, Australia, China, Germany and Mexico. Mr. Vijai is interested in hearing from Canadian suppliers.

Winner Group Enterprise Co., Ltd.
Thai CC Tower, 21st Floor, Room No. 215-216
889 South Sathorn Road
Yannawa, Sathorn, Bangkok 10120 Thailand
Tel: 662-675-6525-31
Fax: 662-675-6533
Contact Ms. Kanokpan Kreangkralkrissada, Marketing Manager
E-Mail: winner@aslanet.co.th

Profile: The company with a staff of approximately 75 and sales of about C$15 million are importer and distributor of raw material, food chemicals & ingredients, semi-processed snack pellets for the food industry including imported packaged food/convenience food like Betty Crocker (microwave popcorn, cake mixes, dinner mixes). Winner Group imports mainly from the US, but will like to hear from Canadian suppliers of corn starch/waxy maize starch; demineralized whey powder/whey protein concentrate; soybean/isolate soy protein; food preservatives, food flavors, essential oil, emulsifiers.

Witcorp Chemical Ltd
77/112 27th Fl Sin Sathorn Tower
Krungthonburi Road
Klongsarn
Bangkok 10600

Tel: (662) 440-0808-26
Fax: (662) 440-0827-8
Contact: Mr. Pramote Trongjaroenchai, Deputy Managing Director

Profile: This company of 110 employees imports food additives, chemicals for the food industry and milk powder for both human and animal feed production.

Zuellig Industrial (Bangkok) Ltd
11th Floor, Ploenchit Centre
2 Sukhumvit Road
Bangkok 10110

Tel: (662) 656-8710/54
Fax: (662) 656-8767/69
Contact: Ms. Charamporn Borwonsombat, Product Manager

E-Mail: charamporn@zi-th.com

Web Site: zuelligindustrial.com

Profile: Zuellig Industrial is a large Swiss company with a major operation in Bangkok with some 1200 employees. Their trading arm, Zuellig Industrial, is seeking suppliers of ingredients to the food processing industry including modified starch, enzymes, flavors, artificial colors, and preservatives.

10. Relevant Web Sites

http://atn-riae.agr.ca/info/asean-e.htm

http://www.apectariff.org/tdb.cgi/ff3230/apeccgi.cgi

http://www.moc.go.th/thai/dbe/default2e.htm

http://www.depthai.go.th/en/

http://www.thaifood.org/

http://www.exportsthailand.com/

http://www.thaifoodmanufacturer.com/

http://www.ppei.com/hs/

http://www.fti.or.th/nfti/index_e.htm

http://www.thailtd.com/